

U.S. Department
of Transportation

United States
Coast Guard



Commander
Eighth Coast Guard District
Hale Boggs Federal Building

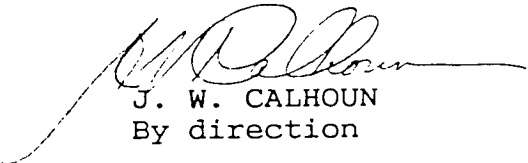
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16711
27 January 1997

From: Commander, Eighth Coast Guard District
To: Distribution

Subj: REFLAG INSPECTION AND CERTIFICATION OF VESSELS UNDER THE
MARITIME SECURITY PROGRAM (MSP)

1. Enclosure (1) is forwarded for your information.


J. W. CALHOUN
By direction

Encl: (1) COMDT (G-MOC-2) MOC Policy ltr 1-97 16711/REFLAG of
14 Jan 97

Dist: All Eighth District MSOs and MSU

U.S. Department
of Transportation

United States
Coast Guard



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MOC POLICY LTR 1-97
16711/REFLAG

11 4 JAN 1997

From: Commandant
To : Distribution

Subj: REFLAG INSPECTION AND CERTIFICATION OF VESSELS UNDER THE
MARITIME SECURITY PROGRAM (MSP)

Ref : (a) Maritime Security Program Act of 1996, to add
section 651(b) to the Merchant Marine Act of 1936.
(b) Coast Guard Authorization Act of 1996, Section 1137
(c) Marine Safety Manual, Volume II, COMDTINST M16000.7
(d) NVIC 10-81, CH-1, Coast Guard Inspection and
Certification of Certain Categories of Existing Vessels

1. Reference (a) established guidelines under which the Secretary of Transportation shall: "establish a fleet of active, militarily useful, privately owned vessels to meet national defense and other security requirements and maintain a U.S. presence in international commercial shipping." The administration of the MSP and selection of specific vessels for participation have been delegated to the U.S. Maritime Administration (MARAD). In consideration of their participation in the MSP program the vessel operators shall receive an annual payment.


2. Many of the vessels expected to participate in MSP are currently U.S. flag vessels already in possession of valid Coast Guard certificates of inspection and international certificates. Participation in MSP by existing U.S. Flag vessels will not alter the regulatory status of these vessels with regard to Coast Guard inspection and compliance with both domestic and international regulations. The vessels enrolled in MSP will not become public vessels and therefore will not fall under the provisions of Memorandum of Understanding between the Coast Guard and MARAD or Military Sealift Command.

3. Foreign flag vessels may be also be selected to participate in MSP provided they reflag to U.S. as a condition of participation in the program. The inspection, certification and reflag of MSP vessels is addressed in a separate but related piece of legislation contained in reference (b). In brief, reference (b) provides that foreign flag vessels selected by MARAD for participation in MSP are "eligible for a certificate of inspection if the Secretary determines: (1) the vessel is classed by and designed in accordance with the rules of the American Bureau of Shipping or another classification society designated

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by the Secretary, 2) the vessel complies with applicable international agreements and associated guidelines, as determined by the country in which the vessel was documented immediately before becoming a (U.S.) documented vessel (as defined in that section): and (3) that the country has not been identified by the Secretary as inadequately enforcing international vessel regulations as to that vessel." Since this program is open ended the policy guidance to OCMIs for MSP reflags conducted under reference (b) is being added to reference (c), a draft copy of which is attached to this letter. This policy is effective immediately and will be added as a formal change to reference (c) at the earliest opportunity. The guidance in reference (d) is not applicable to MSP vessels.

4. Questions regarding reflag inspections under the provisions of MSP should be directed to Mr. John Hannon (G-MCO-2), Sealift Inspection Program Manager and USCG/MARAD Liaison at the above phone number. Questions regarding plan review, approval and standards equivalency questions for foreign manufactured equipment, structure and engineering systems under MSP should be directed to CDR Mark Burrows, Marine Safety Center (202) 366-6440.


J. E. SCHRINNER
By direction

Encl: (1) Draft Change to MSM Volume II

Distribution: All Districts (m)

Copy:
USCG/MSC Liaison
USCG/TRANSCOM Liaison
USCG/ACOE Liaison
U.S. Maritime Administration (MAR 632)

ENCLOSURE 1

DRAFT CHANGE TO MARINE SAFETY MANUAL VOLUME II

PAGE 6-12 (f)

Add the following as 6.C.15 d (page 6-12f of MSM Volume II, CH-8) under the section entitled: **Certification of Vessels Undergoing a reflag and/or major conversion.**

d. Special provisions for the reflag of vessels participating in the Maritime Security Program (MSP):

Background: The Maritime Security Act of 1996 became law as an amendment to Title VI of the Merchant Marine Act of 1936. MSP is administered by the U.S. Maritime Administration (MARAD) Office of Sealift Support (MAR-630) and establishes a program for direct U.S. government payment to private vessel owners for the right to use designated U.S. Flag vessels to carry military cargo in time of war, national emergency or military contingency. These privately owned and operated commercial vessels will normally be employed in commercial operations unless called upon by MARAD for military operations. Foreign flag vessels may apply for MSP but must reflag to U.S. flag as a condition of participation. MSP vessels are not (and will not become even upon activation) public vessels as defined by 46 U.S.C. 2101 (24). These vessels will be U.S. documented vessels, subject to inspection and certification by the Coast Guard. Separate legislation contained in the Coast Guard Authorization Act of 1996 provides that reflagged MSP vessels need only comply with ABS class rules (or the rules of another class society accepted by the Coast Guard) and international convention requirements provided that the vessel meets the following eligibility conditions:

(A) ELIGIBILITY CONDITIONS FOR REFLAG UNDER MSP

(1) The Coast Guard may accept previously conducted class society surveys and previously issued international certificates in lieu of establishing equivalency to U.S. regulations for all vessel equipment and systems, provided:

(a) the vessel is classed by and designed in accordance with the rules of the American Bureau of Shipping or another classification society accepted by the Coast Guard,

(b) the vessel complies with applicable international agreements and associated guidelines, *as determined by the country in which the vessel was documented immediately before becoming a U.S. documented vessel*, and

(c) that the country under which the vessel is currently flagged has not been identified by the Coast Guard as inadequately enforcing international vessel regulations on the vessel making application for certification.

(2) In order to carry out the conditions in the paragraph above, the following procedure shall be followed to issue the initial certificate of inspection and international certificates for a foreign vessel entering MSP.

(B) NOTIFICATION BY MARAD OF SELECTION FOR MSP AND APPLICATION FOR INSPECTION

(1) MARAD Headquarters (MAR-630), will notify Commandant (G-MOC) when a foreign flag vessel is being considered for selection for participation in MSP. G-MOC-2 will conduct a review of the vessel's Port State Control boarding history in MSIS and notify MARAD of any significant instances of past non-compliance with international regulations. MARAD will notify G-MOC-2 and the vessel owner if the vessel has been selected for MSP participation.

(2) The vessel owner will make application for inspection to the OCMI in whose zone the reflag inspection will be conducted. If that location is not known at the time of acceptance into MSP (to facilitate timely plan review) the owner may make application to Commandant (G-MOC-2) who will hold the application for forwarding to the cognizant OCMI when an inspection location has been selected. A copy of the application shall be provided to Commanding Officer, Marine Safety Center.

(C) PLAN REVIEW TO VERIFY SOLAS COMPLIANCE FOR MSP

(1) The vessel owner shall submit the items below to the Commanding Officer, Marine Safety Center for review in order to verify compliance with SOLAS, MARPOL, ILLC and verification that the vessel is designed in accordance with the rules of the American Bureau of Shipping or other accepted class rules.

(2) Where the vessel has been classed and designed in accordance with rules other than ABS, the Marine Safety Center shall determine acceptance on a case-by-case basis for the purpose of MSP participation only. This acceptance of class rules and design for MSP shall not be construed as acceptance for any other inspection program.

(3) The vessel owner, flag state/class society shall identify all areas where previous equivalence or exception has been granted to SOLAS, MARPOL, ILLC or the design rules of the American Bureau of Shipping or other accepted class rules.

(4) Plans to be submitted for review:

(a) General Arrangement plans

(b) Structural fire protection division rating plans (assuming Method I construction, MSC will spot check fire boundary ratings and ventilation details, i.e., penetrations by the ventilation system of fire rated divisions).

(c) Fire detection system plans (to verify placement and overall system design).

(d) Fixed fire extinguishing system plans (a minimum 20 second time delay for releases into manned spaces shall be required even though this is not specified in SOLAS).

(e) Automation system plans including a qualitative failure analysis for vital systems, or a letter from the classification society stating that the systems are designed to meet the fail-safe requirements of SOLAS.

(5) Plans to be submitted for verification of class approval

The following information/plans and classification society approval letters must also be submitted, but generally will be examined only to verify the approval action of the classification society and will not undergo Marine Safety Center design review or OCMI inspection unless problems or unusual items are noted:

(a) Trim and Stability booklets including lightship properties and stability test data.

(b) Letter from the flag state/class society indicating the vessel meets probabilistic damage stability requirements - for vessels built after 1 February 1992.

(c) Letter from flag state/class society indicating review/approval of the following items, with all areas requiring special attention/inspection noted:

(c.1) Structures

(c.2) Fire main systems

(c.3) Bilge systems

(c.4) Steering gear and steering gear alarm systems

D. OCMI INSPECTION FOR INITIAL CERTIFICATION

(1) Issuance of the initial certificate of inspection is subject to:

(a) A satisfactory onboard inspection by the cognizant OCMI, conducted with a surveyor from the vessel's class society or flag administration who can explain interpretations of SOLAS, MARPOL and ILLC of the previous flag state.

(b) The owner's providing the OCMI with access to the last annual survey report of the classification society, the list of outstanding class recommendations and statutory requirements, the latest drydock survey report (including latest gaugings).

(c) A list of systems, equipment or other items that meet a standard different from the U.S. Statutory requirements for a vessel of that size and service. (eg. pressure vessels that are not ASME stamped or lifejackets that are not Coast Guard approved). This list is consistent with Coast Guard reflag policy of the past which has shown that the ability to rapidly identify these items greatly speeds the initial reflag inspection. The list will allow inspectors to identify and document items in the vessels inspection record that meet international, class or previous flag administration interpretations of standards. This is necessary to avoid duplication of this effort at subsequent inspections. It will also eliminate the need for the owner to continue providing a representative of previous flag administration at subsequent inspections.

(2) Conduct of the inspection: The initial inspection shall be sufficiently detailed to verify full compliance with international regulations. The procedures applicable to foreign vessel port state control annual examinations described in Chapter 19 section I, of this manual (CH-10) shall be used as a guideline for the scope of the initial examination. The class society/flag administration representative in attendance shall be consulted in all areas where the inspector requires guidance as to the specific application of a particular international regulation. If the class society/flag administration representative in attendance verifies that the item in question is satisfactory under their guidelines, it will be accepted by the OCMI. A record of all items on the vessel that are acceptable to the class society/flag administration representative, but that differ from current Coast Guard enforcement policy for that item, shall be noted by the inspector as a marine inspection special note (MISN) in MSIS at the conclusion of the inspection (NVIC 10-81, CH-1, provides a useful summary of Coast Guard requirements to use as a comparison to international requirements). Satisfactory fire and abandon ship drills are required to be performed in the presence of the Coast Guard marine inspector. The drills shall be conducted prior to issuance the initial certificate of inspection, but after a U.S. crew has been placed onboard the vessel. In addition to the inspection described in 19-I (CH-10) of this manual, the inspector may verify that all current structures, equipment or systems on the vessel are in agreement with the plans reviewed by the Marine Safety Center or approved by the classification society/flag state. The scope of the plan verification shall be at the discretion of the OCMI, but should generally be conducted as a spot check.

(3) Engine Automation test and approval: If the vessel requests reduced manning as a result of engine automation then the automation test procedure and approval shall be in accordance with U.S. regulations and vessel inspection policy (eg. NVIC 1-69, NVIC 6-84 and NVIC 10-81, CH-1). The test procedure will be reviewed by the Marine Safety Center (see paragraph (C)(4)(e) of this section). *"The final manning requirements shall be*

established based upon satisfactory results of: (1) a complete plan review of the equipment, and the monitoring safety and labor saving devices installed, (2) a period of proven operation and reliability following the initial testing and de-bugging, (3) a period of Coast Guard on-board observation, and (4) for unattended machinery operation, an acceptable plant maintenance program which insures the continued quality of the demonstrated plant reliability" (NVIC 1-69).

(4) Deficiencies: Any area considered deficient as a result of the Coast Guard examination described in 19.I (annual examination) shall be subjected to an expanded examination in accordance with the procedures described in Chapter 19.K (CH-10). Expanding the scope of the examination shall be based on the principle of "clear grounds" as defined in 19.C.4 (CH-10) of this manual.

(5) Drydocking/Internal Structural examination: A separate drydock examination and comprehensive internal structural examination (including entry and examination of ballast tanks, and double bottoms) shall not be required in conjunction with the initial certification unless "clear grounds" exist to require it. The drydock date will be established and continued in accordance with the schedule previously established by the flag state/classification society. If the credit drydock and/or internal examination is coincidental to initial certification, the inspector shall conduct the examination(s) in accordance with the guidelines established by the previous flag state/classification society.

(6) Pollution Prevention: The vessel shall comply with all U.S. regulations and international pollution prevention requirements that would be applicable to a foreign vessel calling in a U.S. port.

(7) Issuance of certificates upon satisfactory initial examination:

(a) Certificate of Inspection: Upon satisfactory completion of the initial inspection the vessel will be issued a certificate of inspection for the route and service specified on its existing statutory certificates. A reduction in manning due to engine automation must be approved and tested as satisfactory in accordance with U.S. regulations and policy for reflags conducted under NVIC 10-81 (CH-1). The OCM shall place the following endorsement on the certificate of inspection and as a special note in MSIS:

"This vessel is certificated under the provisions of the Maritime Security Program (MSP) and is inspected and certificated solely in accordance with the requirements of class rules and international convention requirements as applicable. This vessel was issued its initial certificate of inspection in accordance with the MSP on DD MM YY." (Insert date inspection is complete).

(b) International Convention Certificates: SOLAS, MARPOL and ILLC certificates will be issued by the Coast Guard or by a classification society that is authorized to issue the certificate on behalf of the Coast Guard. This includes authorization granted under existing agreements, new agreements under 46 CFR Part 8, or the Alternate Compliance Program.

(c) OCMI's shall document and record in MSIS as a marine inspection special note (MISN) any areas where the previous flag administration or class society accepted a system or equipment which differs either from the Coast Guard's statutory requirements or its enforcement of international regulations.

(8) OCMI action if initial inspection is unsatisfactory:

(a) If based on the results of the initial inspection by the OCMI there is sufficient evidence to show that the country under which the vessel is currently flagged has been inadequately enforcing international vessel regulations on the vessel making application for certification, the COI shall be withheld and Commandant (G-MOC) notified. OCMI's are strongly encouraged to call upon the assistance of the traveling inspectors at Commandant (G-MO-1) when the initial inspection of an MSP vessel indicates clear grounds for an expanded examination. Commandant (G-MOC) will notify the Maritime Administration that the vessel is not currently acceptable to receive a COI. Commandant and MARAD will then consult as to whether the vessel should be allowed to make repairs or modifications in order to complete certification for entry into MSP, or whether the vessel should be excluded from MSP participation.

(9) Payment of User fees and Overseas inspection expenses:

(a) User fees shall be paid prior to the conduct of the initial inspection for certification. Travel and per diem costs for overseas inspections shall be paid in advance on a cost estimated basis. If owners cannot arrange for advance payment of user fees or travel costs (overseas only) due to scheduling difficulties, then Commandant (G-MOC) shall be contacted to determine if a delay in payment will be permitted until after the inspection has commenced.

E. INSPECTION OF MSP VESSELS SUBSEQUENT TO INITIAL INSPECTION

(1) MSP vessels will continue to be inspected under the preceding guidelines for all subsequent inspections except as noted below.

(a) Intervals for subsequent inspection shall be in accordance with international convention certificate requirements.

(b) Vessels accepted under MSP reflag shall be reissued a COI biennially upon application from the owner if the vessel has completed all scheduled inspections for the maintenance of class and international convention certificates (including all annual endorsements, surveys and drydockings).

Note: Future plans are to harmonize the COI period of validity with the intervals prescribed for the issuance of international convention certificates.

(c) OCMIs shall continue to conduct inspections in accordance with the class rules, SOLAS, MARPOL and ILLC. Areas where the previous flag administration or class society accepted a system or equipment prior to reflag which differs from the Coast Guard's current statutory or policy interpretation for the implementation for that international regulation (at the time of the initial inspection) should have been recorded as a Marine Inspection Special Note (MISN) at the initial inspection. New installations, or modifications to existing systems, made subsequent to the initial reflag shall conform to the Coast Guard's interpretation of international regulations at the time of the modification in so far as reasonable and practical.

(d) MSP vessels that elect to enroll in the Alternate Compliance Program (ACP) may employ ACP inspection procedures subsequent to the initial reflag inspection, which will be conducted by the Coast Guard.

(e) User fees shall be paid in a manner consistent with all U.S. certificated vessels.